

1997

$\Delta \text{PROP} = 100 \cdot \frac{\Delta}{A}$

UNIVERSITY MICROFILMS
SERIALS ACQUISITION
300 N ZEEB RD
ANN ARBOR MI 48106-1500

8. D.H. 25023 (GUT 5582)

1. ON PAYMENT OF THE 1959-60 BUDGET, THE GERMANIZATION FUND FOR PARAGRAPH 4 REF A PLAN DEDUCTS FOR (A) PERSONNEL CUTBACK FROM 29 TO 18 EMPLOYEES THROUGH GERMANIZATION SEVEN ADMM. EMPLOYEES IN THE PRODUCTION DISTRIBUTION OFFICES AND (B) PRODUCTION TOTAL FIXED COSTS OF DM 29,000 THOUSAND MONTHLY (DM 12000 FOR SALARIES) DM 1000 FOR MONTHLY OVERHEADS EXCLUDES L 4 SALARY AND L 7 FEE PAYMENTS (WHICH OUTSIDE CONTRACTS FRAMEWORKS L 1 AND L 4 CAN BE IMPOSSIBLE OUT BALANCE OF THIS LEVEL AND STILL RETAIN PRODUCTION DISTRIBUTION CAPABILITY WITH OUR NEEDS AND CONTINUE WITH A CARDINAL LEGAL STRUCTURE

2. ABOVE MINIMUM OVERHEAD BASE ACCEPTABLE TO L 1 AND L 4 ONLY IF KUBARK MEETING ALLOW CARDINAL ATTENDANCE KUBARK AT REDUCED LEVELS AND AT NO COST TO KUBARK, SCHLAGZUG WOULD BE MAINTAINED COMPLETELY OUTSIDE KUBARK COST FRAMEWORK BEYOND PROVISION OF 1000 OVERHEAD AND PARTTIME ATTENTION TO L 1 BY L 1. L1 HAS ASSURANCE FROM HANNEBERSTEIN THAT ALL GERMAN MINISTRY SUBSIDY 200 EAST GERMAN SCHLAGZUG DISTRIBUTION WILL DEFINITELY BE CONTINUED AT DM 3,300 MONTHLY RATE (NOT AT INTERIM DM 5000 LEVEL) AT LEAST UNTIL DECEMBER 59 AND THAT

DECLASSIFIED AND RELEASED BY
NATIONAL INTELLIGENCE AGENCY
STUDIOS METRODEXEMPT, ON 08/28/2011
DATE 08/28/2011 DISCLOSURE ACT

SECRET

ON BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED

PAGE 2

IN 1957 DMLN 5555

INFO

HAMMERSTEIN WILL MAKE EVERY EFFORT PROCURE ADDITIONAL CASH TO COVER SCHLAGZEUG OVERHEAD COSTS (EG, SALARY L3 AND ASSISTANT WHICH NOT INCLUDED PARAGRAPH COSTS). L1 ALSO HAS PROMISE FROM BINZ VERLAG DISTRIBUTION CHIEF AND OLD FRIEND OF HIS, TO TAKE OVER SCHLAGZEUG WEST GERMAN DISTRIBUTION (PORTION GARBLED-BEING SERVICED) CARDINALS OF COST AND TIME CONSUMED COMMERCIAL DISTRIBUTION. L1 WOULD REDUCE PRODUCTION TO ACTUAL DISTRIBUTION LEVEL (CURRENTLY 13000 COPIES MONTHLY) AND OTHERWISE PARE PRODUCTION COSTS TO MINIMUM. IN THIS CONNECTION HE SAID ORIGINAL DM 29,000 TOTAL MONTHLY COST FIGURE WAS CONSIDERABLY DISTORTED BY INCLUSION PRORATED SALARIES OF EMPLOYEES WHO NEEDED BUILD UP COMMERCIALIZATION BUT WHO NO LONGER NEEDED MAINTAIN IT NOW THAT IT FINELY ESTABLISHED. HE CONVINCED IT CAN BE KEPT GOING UNDER JOINT BINZ HAMMERSTEIN ARRANGEMENT WITHOUT DEFICIT, WITHOUT ANY SUPPORT FROM KUBARK AND WITH GOOD CHANCE INCREASE SALES INCOME THROUGH GIANT BINZ SALES APPARATUS (SECOND LARGEST IN WEST GERMANY). HE UNWILLING CONSIDER ANY ALTERNATIVE COVER ACTIVITY (PUBLICATION), PARTLY BECAUSE OF UNCERTAIN COST ASPECTS INVOLVED, PARTLY BECAUSE HIS PERSONAL AND CARDINALS OVERT STANDING NOW IRREVOCABLY TIED TO FATE SCHLAGZEUG.

3. L1 WILL SUBMIT DETAILS OF HAMMERSTEIN BINZ PLAN. WILL FAST POUCH WHEN RECEIVED. PENDING RECEIPT AND ON BASIS ABOVE INFO WE INCLINED GIVE L1 THIS LAST CHANCE SALVAGE SCHLAGZEUG FOR SEVERAL REASONS: (A) NO QUESTION SUDDEN DISAPPEARANCE

SECRET

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED.

COLLTYPE - PHOTO BY BUREAU SUGGESTION TRADES, INC. - CHICAGO, ILL., U. S. A.

Copy 114

INFO

PAGE 3

IN 15897 DRLH 3899

SCHLAGZEUG WOULD CREATE COMPLICATIONS FOR CARDINALE (B) INVOLVES NO COST TO KUBARK UNLESS IT FAILS IN WHICH CASE MINOR COSTS WOULD BE REQUIRED TO CLOSE DOWN L1 UNDERSTANDS OUR SUBSIDY FOR COMMERCIALIZATION WILL END 30 JUNE (C) ALTERNATIVE IS TERMINATION WITH UNCERTAIN SALVAGE PROSPECTS (AT THIS STAGE HAVE FOR TACTICAL REASONS NOT BROACHED SEPARATELY WITH L4 CHANCES SALVAGING PRODUCTION DISTRIBUTION ASSETS IN EVENT PROJECT DISSOLUTION (D) IF HAMMERSTEIN BINZ DEAL DOES NOT WORK OUT FOR SOME REASON WE WILL HAVE LOST NOTHING BUT TIME BUT WILL UNDOUBTEDLY HAVE CREATED BETTER ATMOSPHERE FOR LATER PROJECT TERMINATION, IF NECESSARY, AND SALVAGING ASSETS THROUGH L1 AND L4.

4. L1 URGED HE BE ALLOWED PUSH NEGOTIATIONS WITH SAGNER (RE MODERNE SOZIALISMUS) AND TOYKA (RE UNDEFINED COOPERATION IN COMBATTING COMMUNIST INFILTRATION IN WEST GERMANY). BOTH HAD EXPRESSED DESIRE THROW BUSINESS LCCASSOCKS WAY. WE TOLD L1 THIS NOT FEASIBLE IN CONTEXT PRESENT PBPRIME CAWASH PARTICIPATION FRAMEWORK.

5. ON BALANCE WE FEEL, ESPECIALLY IN LIGHT REF B ADVICE, THAT LCCASSOCK PRODUCTION DISTRIBUTION CAPABILITY AGAINST PRIORITY RMD TARGETS JUSTIFIES FAVORABLE CONSIDERATION ABOVE L1 AND L4 PROPOSAL, INCLUDING COMPROMISE ON SCHLAGZEUG, PARTICULARLY IF THERE CHANCE BY 1960 BUDGET CAN BE RAISED TO \$90,000 (IN WHICH CASE MONTHLY FIXED COSTS WOULD EXCEED BY ONLY \$800 THE LEVEL SET BY BOHS ARBITRARY "HALVED FIXED COST" INSTRUCTION). WITH EMPHASIS PROPOSALS REPRESENT

B-2-C-R-E-T

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED

ACTION:

INFO

PAGE 4

IN 15097 BRLN 3899

INFO

END

FINAL L1 AND L4 POSITION. WE SEE NO FIELD ALTERNATIVE TO ACCEPTANCE EXCEPT PROJECT TERMINATION AND ATTEMPT SALVAGE ASSETS. REQUEST ADVICE SOONEST, PREFERABLY BEFORE 15 MAY, SINCE EMPLOYMENT REGULATIONS SUCH THAT COST PERSONNEL TERMINATION WILL INCREASE SIGNIFICANTLY UNLESS NOTICES ISSUED BY THAT DATE.

6. FRAN: IF YOU AGREE IT DESIRABLE AT THIS STAGE, SUGGEST BOMM TOUCH BASE SOONEST WITH DELLINGSHAUSEN RE COORDINATION DIFFERING DELLINGSMAUSEN HAMMERSTEIN APPROACHES RE SCHLAGZEUG.

FRAN S/C NOTE: DATE THIS MSG 8 MAY 59.

END OF MESSAGE

C/S COMMENT: HQS REQUESTED BE ADVISED RE STATUS OCCASION DISTRIBUTION CAPABILITY PARTICULARLY MAIL INFILTRATION ASSETS.

SECRET

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED.

Copy No.